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## *From the Contents:*

KAMINI OR LEOPOLDVILLE?

*Dj. Stanojčić*

INTERNATIONAL MONETARY PROBLEMS

*P. Mihailović*

THE U.N.O. AND THE UNCOMMITTED COUNTRIES

*N. Djurić*

SOCIAL AND LEGAL SYSTEM IN YUGOSLAVIA

*J. Radmilović*

Parallel Efforts Towards Peace

*Dj. Jerković*

EEC AND UNDERDEVELOPED COUNTRIES

*S. Barać*

## NEGATION OF BLOCS

By Aleš BEBLER

PREPARATIONS for the conference of the Heads of State or Governments of non-aligned countries which — judging by all indications — will be held this summer, are attracting increasing attention of the world public. The aims of the sponsors of this conference — to promote the cause of peace through greater unity of action by these powers which do not take part in the bloc policy and armaments race, by their greater influence on world efforts to end the cold war and to facilitate such international cooperation as would ensure lasting peace — are correctly and favourably assessed by most newspapers.

However, there has been some criticism in which, in most cases, it is alleged that the conference is an attempt to create a new, third bloc.

It is characteristic that this view has been expressed by those newspapers which have never opposed the division of the world into the exist- in blocs, and have never supported efforts to end this division. Even this shows that — as a rule — these critics are neither badly informed nor misled, but are consciously acting against the real aims of the non-aligned countries. This is an ex-

pression of the bloc mentality, the mentality of competition between the blocs, and their attempts to include the "hitherto" non-aligned countries into their own bloc.

It is not necessary to assure well intentioned people that the sponsors of this conference do not intend to found their own organization, alliance or whatever it may be, that will herald the emergence of a new bloc. These sponsors have many times risen against the creation of any new bloc or blocs. "Even two blocs are too many", one of the Heads of State of these countries said on one occasion. "Why, then, create a new one?"

Well-meaning people may ask if something similar to a new bloc may not spontaneously emerge as a result of conferences, harmonized attitudes and more coordinated actions of non-aligned countries — which certainly may be the case.

In reply to such a question, it should be said the sponsors of the conference do not intend to create anything like a bloc, for deeply principled reasons. These reasons are an expression of the real interests and sincere wishes of their

peoples, and not of artificially manufactured ideas, which have nothing in common with reality.

Of the many proofs that this is true let us mention only the most convincing ones.

The appearance of non-aligned countries is neither incidental nor temporary. The appearance of the first of these countries, i. e., the first to proclaim non-alignment as one of the basic principles of their foreign policy, was often treated as a transient and incidental phenomenon. Their policy has often been compared with walking on a tightrope. We remember this comparison very well, since it has often been applied to us.

Today, however, it is clear, even to blind, that the emergence of such countries is one of the laws of the history of our times. Instead of slipping from the tightrope into the arms of one or another bloc, as has been predicted, the position of the non-aligned countries has continued to strengthen, their number to increase and their international role and place to improve.

Such a development cannot be a result of any temporary, well-calculated tactics or academic philosophy, but an expression of deep tendencies of determined direction, followed by the peoples of these countries because they suit their interests.

There is no doubt that the number, role and place of the nonaligned countries has improved and gained importance, just because they are non-aligned. They have not rallied around a big power which, by rallying the small countries, would challenge the existing blocs. All the non-aligned countries are relatively weak and insufficiently developed. Their stability and significance are due solely to their principled attitude, which arouses friendly feelings everywhere. This means that even the most powerful states have the same feelings for them, and this reflects the evolution of the world public in general which is, tired of the cold war and longs for lasting peace.

The conference of non-aligned states comes as a result of this evolution — the evolution of the world public which has begun to abandon the view that division of the world into power blocs is indispensable, and to adopt the opinion that this division can be done away with.

How is it possible that now, all of a sudden, and because of a meeting or a conference, a quite opposite tendency, a tendency of bloc character should appear?

The power blocs are an expression of rivalry and constant struggle for superiority. The essence of the policy of non-alignment is non-engagement in this struggle. The policy of non-alignment is a denial of the view that rivalry and the struggle for superiority cannot be avoided. The ultimate aim of this policy is to end this rivalry and struggle. The creation of another, third factor, would only intensify this struggle and raise it to a higher, even more dangerous level. By doing this, non-aligned countries would jeopardize their deepest desire — to put an end to the cold war and establish peace in the world, to persuade the

world public to abandon the present division of the world. It is clear that the non-aligned countries would destroy the results of their own endeavours by creating a new bloc.

In this connection it should be emphasized that the only criterion followed by the sponsors of the conference, when drawing-up the list of delegates, has been whether they pursue the policy of non-alignment. They have even been criticized for this attitude. Some critics have alleged that they are not consistent "neutralists" because they have not invited — at least not in the beginning — some neutral countries. The criticism has also been expressed that the sponsors of the conference have invited some countries which maintain good relations with one or another state which is included in one of the two power blocs and which, accordingly, are not "neutral".

Non-alignment is not neutrality. Neutrality may be the result of incidental historical circumstances. Non-alignment is a principled policy, which we call the policy of active coexistence, while others call it the policy of positive neutrality. Neutrality may be passive, whereas non-alignment is active. Neutrality may mean isolation but non-alignment means taking part in international life. Neutrality may be — perhaps only apparently — the solution for a neutral country. Non-alignment is a policy whose most important aim is to abandon the division of the world into blocs.

Non-alignment is not the policy of "equidistance", to use the expression met with in the press of neighbouring Italy. Non-alignment is not the policy of maintaining the same distance from both blocs; it does not represent a policy which, arbitrarily, on the basis of some mechanical criteria, maintains a certain distance from this or that, big or small country.

If the policy of non-alignment were the same as the policy of maintaining equidistance, and if the forthcoming conference were a gathering of countries which all — or at least the majority are remote from or have bad relations with the countries included in the existing blocs, then it could be said that a new group of states which might become a third bloc of powers was being created.

However, the situation is quite different. Both in the ranks of the sponsors and of those invited, there are countries which have very good relations with some member-states of power blocs, or with one or all of the great powers. It is fortunate that this is so. For the ultimate aim of the policy of non-alignment is to establish good relations with every country. Cooperation and good relations between non-aligned countries with member-countries of the power blocs, based on equality, and without any hidden intentions, make a useful contribution to the building of a united, non-divided world.

Any strong organization, similar to the initial phase of the creation of a new bloc, would divert the non-aligned countries from their ultimate

goal. This goal — the abandonment of the bloc division of the world and an end to the cold war — can be achieved only through international cooperation, primarily through cooperation with the nuclear powers.

To achieve agreement between the big powers is, therefore, one of the tasks of the non-aligned countries. It is not incidental that the first concrete proposal which the heads of state of the five non-aligned countries submitted to the United Nations General Assembly last autumn, was to facilitate direct contact between the heads of the two greatest world powers.

The conference of non-aligned countries is therefore necessary not only for them, but also for the whole world community. It is necessary to clarify in a greater degree the ways and means

of putting an end to the cold war — which is the wish of all nations without exception. Concentrated attention and action in the solving of outstanding world problems which poison the international atmosphere is another essential necessity. Furthermore, it is necessary to find a way out from the vicious circle of the bloc division and to create a world without blocs.

The conference of the heads of state of the non-aligned countries will serve these very aims. The participants themselves and the world public will properly assess it as a great service to humanity, because solutions reached at this conference will reflect the wish of the entire international community: the wish to establish international relations in which the existence of the present blocs will become quite meaningless.

## CURRENT TOPIC

# PARALLEL EFFORTS TOWARDS PEACE

By Dj. JERKOVIC

**T**HE BEGINNING of June will be marked by two important events: in Vienna, preparations are under way for a meeting between Premier Khrushchev and President Kennedy, while in Cairo representatives of the independent countries will be meeting to make preparations for a conference of their leaders later this summer. That these two events will coincide is not the only thing they have in common. Both the preliminary meeting in Cairo and the Vienna talks between the heads of the two biggest powers follow on the realization of the same truth: that the world is approaching the point of no return, and that ways should be found to reverse the process before it is too late.

The recurrent crises in East-West relations or, to be more precise, in relations between the two leading powers of the East and the West, have given rise to much thinking on both sides of the fence, as to what should be done to remove them not only in official circles but among men in the street. This is necessary firstly, because outstanding disputes and problems, such as the question of Germany and Berlin, are inherently dangerous to world peace; secondly, because the arms race is gaining momentum and threatening to get completely out of the control even of those who are pursuing it, and thirdly, because mutual relations between the big powers have become so poisoned in the course of years that they have

disseminated mistrust and fear throughout the world, and led to a situation in which some incident, no matter where, and however insignificant and unintentional, may flare up into a large-scale conflict, and result in general catastrophe.

At the height of the cold war, the world, in the warning words of Dulles, complying with the principles of a sinister military and political strategy, lived and ought to have continued to live on the brink of war. In the present era, which is marked by a certain balance of power between the antagonistic groups, both of which possess the means for total mutual destruction, the world is replacing an existence on the brink of war by one precariously balanced on fear.

This state of uncertain truce between the leading powers and the groups of countries that follow them, has paralysed every effort to settle disputed questions. Having found themselves in a stalemate, and neither willing to settle matters between them by negotiation nor able to further their ends by force, each side has diverted its attention to the areas occupied by the uncommitted world, and is looking there for strategic reserves and positions which, if brought under the control of either side, would tip the balance of power decisively in its favour.

Since the uncommitted world is composed of national states having totally different political conceptions, such strategic and political designs

from outside have inevitably met with resistance. This has produced many new conflicts and crises. The only effect the endeavours of the big powers in these arrears has is to spread the contaminated atmosphere created by their mutual dissensions and to include more countries and regions in the cold war.

In short, a state of disturbed and strained relations between the big powers is being extended from the field of their mutual relations to the field of their relations with third countries belonging to the uncommitted world.

Hence, the main efforts towards peace in the world through the past decade have been directed to putting an end to the conflict between East and West, regulating their relations and settling outstanding questions by peaceful means. In view of the fact that mutual distrust has rendered difficult direct contracts at the highest level, which were actually broken of following last year's Paris crisis, it is only natural that efforts should be made to renew high-level personal contacts, with a view to finding a broader basis for successful discussions. Viewed in this light, the Vienna meeting represents to some extent a return to the atmosphere which existed before the abortive Paris conference, and at the same time marks the beginning of a new joint attempts to find a way out before it is too late.

The gulf dividing the two opposing sides, however, is not the only source of difficulties in the present-day world, nor are troubled relations between the big countries the only cause of instability, or the only concern of those pursuing the policy of peace. The world that has emerged outside the sphere of bloc politics over the past decade and a half, represents both in the number of its population and extent of territory the greater part of mankind and the globe. This world has its own aspirations, problems and cares, and it is wrestling with difficulties arising out of the unequal relations imposed upon it by the big, powerful and developed countries. Despite all difficulties, this world has for the most part refused to take part in the cold war and withstood all attempts to be dragged into it. Moreover, following its desire to live, work and progress in peace and security, this world has formulated its own political programme, based on the principles of either positive neutrality or non-alignment with blocs. Its policy has always been one of peace, independence and equality for all nations and countries. It seeks solutions to both local and general world problems through ending conflicts and the cold war between the big powers and through reversing the abnormal state of affairs in large areas of the world created by objective, historically-conditioned difficulties and accumulated problems as well as by those resulting from unequal relations, discrimination, and the big and developed towards the small and backward in general.

This account of the present-day world, brief though it is, shows how closely linked and har-

monious the efforts for pacification in the world, should be, and such efforts will undoubtedly be made during the forthcoming meeting in Vienna and the conference of the leaders of uncommitted countries. If the former, as might be expected, is restricted to seeking ways to regulate abnormal East-West relations, and succeeds in making headway, however small, the effect on other areas will be favourable too. But, particularly at the present stage, no progress made at the Vienna meeting can move problems affecting other areas of the world from their present standstill, nor can it regulate relations between the big powers, in all their complexity. Speaking in concrete terms, if the Vienna meeting proves successful, it does not mean that efforts to put an end to the cold war, in all its forms, and to clear the international atmosphere, poisoned for years, should be relaxed. It does not even mean that the numerous aspects and problems of colonialism and of the backward regions of the world have lost anything of their acuteness. Lastly, whatever the progress made at the Vienna meeting, it cannot lessen the need for the universal acceptance of the principles of peaceful coexistence as the only guarantee against the cold war, or against the hot war flaring up once again.

The tendency towards sober negotiations between responsible leaders of East and West, both as a confirmation that the policy of the uncommitted countries has been correct, and as an objective indication that a turn in the cold war is possible, should serve as a stimulus for the development of broader and more intense action on the part of the non-aligned forces.

These forces are, for more reasons than one, interested in seeing that the process, once started, should proceed unobstructedly and that similar processes are set in motion in other regions of the world. The need for parallel efforts in settling the burning problems in East-West relations, as well as those concerning the North and the South presents itself as a practical policy and an expression of the present-day world. It emphasises the idea that pacification must include all parts and regions of the world if it is to be permanent and stable.

## OUR CURRENT ACCOUNT

"THE REVIEW OF INTERNATIONAL  
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# KAMINI OR LEOPOLDVILLE?

## — Reopening of Congolese Parliament —

By Djordje STANOJČIĆ

**I**N THE WORLD and Yugoslav press, as well as at the United Nations headquarters in New York, the re-opening of the Congolese Parliament and the enabling of the supreme representative body of the Congolese people to take into its own hands the further care of the destiny of this tortured African country, has been a much discussed topic. Although there are two views concerning this important question, only one of them opens the way for lasting consolidation of conditions in the Congo. On the one hand, there is the sincere wish of the Congolese patriots to try to find, through the opening of the Parliament, the proper method of setting the Congolese crisis, while on the other hand, the domestic usurpers and their foreign protectors are attempting to extort, through a formal meeting of Parliament, the sanctioning of their present actions.

It should be borne in mind that the enabling of the functioning of Parliament has been constantly demanded by the Congolese patriots, and has been one of their basic demands in their efforts to consolidate conditions in the country. This was the case when they were led by Patrice Lumumba, and it is so today, regardless of where these forces act: whether on the territories ruled by usurpers, or in the Eastern and Kivu Provinces, ruled in the name of the legitimate government, by Antoine Gizenga, its present leader.

As the demand for the re-opening of Parliament is made in the name of the whole Congolese nation, it is understandable that Gizenga has sent a message to the United Nations in which he asks for help in creating conditions in which the representatives of the people may work unhampered. Gizenga was precise, and put forward a clearly formulated demand. He wants the United Nations to set up a neutral belt around Kamina, a former Belgian military base, to free this whole territory from armed Congolese, and to see to the personal security of the members of Parliament during its whole session. In other words, Gizenga bases his demands on the logical and comprehensible assumption that in order to secure the unhampered work of the Parliament it is necessary not only to ensure the personal security of its members for a short time, but perhaps even more so to ensure an atmosphere in which they can hold their session for as long as required, and act in freedom from demoralizing political pressure.

What Gizenga is asking from the United Nations

is, as pointed out already, justified; for the UNO forces came to the Congo at Premier Lumumba's invitation, in order to help the legitimate government to eliminate the Belgian colonialists and to consolidate conditions in the country. Actually, according to the Security Council's resolution of February 23, 1961, the United Nations has been put under the clear obligation to make functioning of Parliament possible. Except for the implementation of this important resolution, which is of great significance for the Congo, little has been done up to now.

Simultaneously with Gizenga's demand came the report that Kassavubu intends to convene a session of Parliament in Leopoldville. He promises that the personal security of the deputies will be guaranteed by UNO. When it is remembered that the work of the Congolese Parliament in Leopoldville was stopped by Mobuto's usurping armed forces who had "neutralized" Kassavubu, although he considered himself as their "commander in chief", this step should not deceive anybody. Kassavubu realises, and his protectors probably realise even more clearly, that the will of the Congolese people can no longer be ignored, and so they are making vain efforts to present him as the champion of legality. But despite the presence of the UNO Mission and the UNO forces, whose security has been repeatedly endangered, there have been grave incidents, and open political crimes (including the assassination of Lumumba, the legitimate head of the Congolese Government) in Leopoldville, so that well-intentioned people believe that it is dangerous to gather the prominent Congolese leaders in one place, and that such a meeting should not be held, for it is quite justified to anticipate that it may deteriorate into an open massacre of the deputies. We use this word, for we were witnesses of what had happened to Lumumba, and we have not forgotten the political leaders who, jammed in two aeroplanes, were deported from Leopoldville to Bankang, where they disappeared without trace. All this has completely compromised Kassavubu in the eyes of the Congolese people and of the world public, so that it is unreasonable to expect that his proposal will be taken into serious consideration.

Thus neither the conference in Coquilville nor the "sacrificing" of Tshombe can be accepted as proofs of Kassavubu's "reformation" in the sense that he no longer represents the policy which led to Lumumba's assassination, and still less can this be

accepted as a token of any "good will" to normalize conditions in the Congo by means of concessions to the Congolese patriots. Kassavubu has shown quite clearly several times that he is a mere figurehead in the Congo, and that decisions are made on the initiative of others.

Then there is the "argument" of certain circles who maintain that Kassavubu is "the acknowledged chief of the state", and that nothing can be undertaken in the Congo that he does not wish personally, without violating the Congo's "sovereignty". However often this "argument" may be put forward by circles desiring that Kassavubu's previous actions should be sanctioned, it cannot mean anything to the Congolese people or to the world public, who have welcomed with great sympathy Gizenga's pro-

posal, and realise why the United Nations must insist on the session of the Congolese Parliament being held in Kamina and not in Leopoldville.

Finally, we wish to stress that Gizenga has already given clear proofs of his political views concerning the settlement of the Congolese crisis and that he has repeatedly pledged himself for an independent Congo, non-aligned with any existing blocs. This alone is enough to refute insinuations from the West regarding his general political orientation, and to make him competent, in the eyes of the Congolese people and the world public, to act as Lumumba's successor, and to further the efforts of the Congolese patriots to re-establish peace and security in their country and put an end to the destructive actions from which it has suffered.

## THE UNITED NATIONS AND THE UNCOMMITTED COUNTRIES

By N. DJURIC

**I**N RECENT TIMES "the crisis in the United Nations" has been a current topic. Events in connection with the Congo, and UNO's role in them, have especially led to justified disappointment and raised in an acute form the question of whether this organization can, in present international conditions, answer fully the tasks set by its Charter. The measures to be taken so as to make UNO fully qualified to play its role in the world of today are therefore also under discussion.

That this role is more indispensable than it has ever been is not called into doubt today — except perhaps by those who have special reasons for looking askance at such broad and equal forms of international cooperation as are offered by UNO. The difficulties through which UNO has passed, and is still passing, and the indubitable weaknesses which it manifests from time to time, make no difference to the basic principles on which UNO rests, nor to its role as an irreplaceable instrument of peace in the world of today. UNO is, as has been rightly said, an integral part of contemporary international trends, and an indispensable factor in them. It is the expression of the objective needs of international development, whose essential feature is increasing interdependence among nations and states. The principles of the Charter are the expression of this development, and at the same time, as has been convincingly and repeatedly shown, a demonstration of the principle of active co-existence, the only principle on which, in present world conditions, a strong and lasting peace can be built.

During the sixteen years of its life and work, UNO has influenced international relations in the

spirit of its Charter, (the spirit of peace and co-existence) to an extent that should not be underestimated.

It has often and rightly been emphasized that UNO has not only contributed to the settlement of certain acute crises and conflicts, but has exerted a permanent, constructive influence on the development of international relations, promoted unity in a divided world, stimulated the advance of the processes by which it was itself created, and which are the fundamentally progressive processes in our time, and offered in the darkest days of the postwar development of international relations a constant and effective alternative to inter-bloc tension, the cold war, and the universal nuclear catastrophe to which all this would have ultimately led. What should also be borne in mind, especially today, is that it is universal democratic framework offered by UNO that has enabled the small, emergent and uncommitted countries, to establish their equality and to gain increasing influence on a wider plane of international relations, and that this framework has contributed — to a degree it would be interesting to assess, but which, certainly, is not small — to the shaping of an independent and non-aligned policy.

In this complex process of mutual influence between UNO and its wider international framework, UNO has naturally suffered from the undesirable influences of certain elements permeating this wider framework; and this is the principal cause of the weaknesses it has revealed. Bloc antagonism, the cold war, and international tension must affect UNO too. Attempts, which have not always been unsuccessful, to turn it into a tool of the policy of one

or other of the antagonistic camps, and to make it serve such aims as have little in common with the aims and principles of its Charter, are well known. The Organization has often been made the scene of the cold war, instead of being the means of ending it. Under the effect of certain political influences, it has sometimes hampered and distorted the processes, notably that of decolonization, which it ought to have promoted and which it did promote in many cases. But the important thing is that these tendencies are meeting with increasingly strong resistance in UNO itself, so that they are, at least partially, eliminated within its own framework. It is sufficient to recall that the days are now fortunately over when it was justified to speak of a voting machine in the United Nations; when this organization was divided by a sharp bloc border-line; when the destiny of every proposal was known in advance, depending on where it has come from; when the will of one of the groups, or to be more accurate of the leading power in this group, was actually law in UNO. The more this organization managed to surmount bloc antagonism and other negative influences within its own framework, the fitter it became to contribute to the elimination of this antagonism and these influences on the general plane of international relations, and to direct these relations on the lines laid down by the Charter. The extent to which UNO has been able to eliminate its own internal conflicts (which have been, in fact, the reflection and the result of wider international conflicts) is commensurate with the extent to which the structure of the members and the balance of power have changed in this organization itself, i. e., the extent to which the forces in international life, whose basic course of action is centred on eliminating these conflicts, have become manifest.

It seems to us that the problem which is facing us today — the problem of UNO's political strengthening, and of the reinforcement of its organization, should be viewed in this light. Actually, these are merely two aspects of one and the same problem, whose solution requires a clear evaluation of its essence, and the persevering efforts of all those whose basic interest it is that the further development of international relations should progress in the direction defined by the Charter. This is in fact a wider political problem, which has its own aspects of organization. In recent times has often been said that the solution of this problem requires certain changes in UNO's structure, which may even be far-reaching, and it appears that some of these changes are actually being considered. UNO has been not only the expression of the long-term historical processes which we have mentioned, but also of the concrete international conditions and the balance of power created after the Second World War. These have both undergone changes during the sixteen years which have elapsed since the drawing up of the Charter, and these changes — it is unnecessary to describe them here — require that UNO's structure should be adapted to them. It may be said that this organization has so far successfully adapted itself to changed international relations without formal

changes in its Charter or without revising or amending it. Moreover when, on the basis of Article 109 of the Charter, the question of its revision was raised at the Tenth Session of the UNO General Assembly, the overwhelming majority considered it unnecessary and unwise: it was unnecessary because UNO had evolved without this revision in the direction which was required by the development of international relations, and it was unwise because it was dangerous to risk a venture which might shake the foundation of UNO, which had been more or less stable until then. The question of formal changes of the Charter has nevertheless been put forward on various occasions and in various ways. It has mainly been based within bloc limits, as a question of the modification of the clauses of the Charter, which reflected the former balance of power between East and West. So formulated, this question not only remained unsolved, but became another element of cold war tension in UNO and outside it. But now the question of the modification of the Charter — and that only partial, and by no means a total revision — is being urged on another plane, that of the adaption of UNO's structure to the far-reaching changes that have altered the general physiognomy of international relations, and these, in their turn, appear to require certain formal changes in this structure. These are changes which have taken place on what is now often called the plane of relations between North and South, and which are reflected in the decay of the colonial system, in the independence achieved by an increasing number of formerly dependent countries, and in the transformation of vast geographical areas from passive objects into active factors in international development. To adapt UNO's structure to these changes would mean to develop further the basic principles of this organization and to make it fitter to act in the changed international conditions, in accordance with these basic principles. This would mean adapting UNO's structure not only to the changes brought about in the character of inter-bloc antagonism, but also, in a sense, to the creation of conditions for eliminating this antagonism. Consequently, the basic significance of these changes would be the further strengthening of UNO and its increasing democratization — which are, ultimately, one and the same.

Two questions appear in an especially acute form. One is that of the augmentation of some of the chief UN organs, notably the Security Council and the Economic and Social Council, so as to accommodate the member structure of these organs to the changed member structure in UNO itself, and to enable the new members — and thus also the parts of world from which they come and which have been neglected up to now — to express themselves fully, and to exert their proper influence, which would enhance the importance both of these bodies, and of UNO as a whole. This question was raised at the General Assembly at its Eleventh Session. It has not yet been solved for reasons which have nothing to do with essence, only because it is complicated by bloc policies — although it is formulated on a quite different plane — so that not only is its

essence blurred, but its solution has hitherto been impossible. It was only at the Fifteenth Session on the General Assembly that a resolute attempt was made to remove this question from bloc limits and transfer it to the field of actual and constructive discussion, in keeping with the real nature of the problem itself and with the needs of UNO and international development in general. This question is being actively taken up by the countries that are most directly concerned with its solution. They are even doing something towards achieving this solution by a certain re-distribution of the seats within the present, still unaugmented organs, as has been shown by the elections for the Security Council and the Economic and Social Council, at the Fifteenth Session of the General Assembly. In this way pressure for the augmentation of these organs is made stronger, and can eventually be carried out more fully and more precisely.

The question of the reorganization of the UNO Secretariat, above all the function of the Secretary General, has been raised in a similar manner. This question has been made more urgent by the Congolese crisis, but it would have been raised even without it, in view of the general position and role that the function of the Secretary General has in-

creasingly assumed. This question, too, forms an integral part of the wider problem of the adaptation of the structure of the UNO organs (the Secretariat in this case) to the general changes which have taken place in this organization and in the world in general. Concretely speaking, the problem is how to enable all member-countries, including the small, emergent and uncommitted countries, to exert in the UNO Secretariat and through it the influence to which their role in the Organization, and in international life in general, entitles them. In this direction, which would entail neither the maintaining of the present conditions, nor the sanctioning of the present division of the world, and without weakening certain functions of UNO, it should be possible to find a solution to this important and vital question. This seems to us to be the basic course that should be taken in efforts to enable UNO to play even more fully its role, which is so indispensable in the world today. These efforts are an integral part of the general policy of the strengthening of peace and the development of international cooperation; the policy of active, peaceful co-existence, for which the uncommitted countries have pledged themselves; whose best expression is UNO, and whose most efficient instrument it should be.

## ECONOMIC PROBLEMS

# INTERNATIONAL MONETARY PROBLEMS

By Dr. P. MIHAIOVIC

SEVERAL RECENT events have substantially changed the international monetary situation. In a relatively short time the world has experienced radical changes, such as an end to the dollar shortage, the introduction of convertibility of West European currencies, diminished confidence in the dollar, which last autumn reached a climax with a dramatic rise of the price of gold, and, finally, the revaluation of the German mark. Each of these events can be explained individually, from a short-term aspect, or as arising from technical causes of a monetary nature. There is no doubt, however, that they have come about as the result of long-term structural changes in world power relations which have evolved at such a speed that some deep-rooted tenets which, until recently, were considered almost laws, are now either abandoned or, at least, no longer taken for granted. If there is any common view among those interested in monetary problems, it is that a reform of the monetary system is necessary, as there are serious discrepancies between the present system and the basic economic and financial trends.

### *From Dollar Shortage to Dollar Crisis*

The postwar changes in the world monetary system are best illustrated by the altered position of the dollar. From the end of the war to the beginning of 1958, the U.S. dollar was the strongest currency, and dominated the world monetary arena. The relative weakness of other currencies can be explained by the economic and financial weakness of their respective countries, while owing to the great demand for the American goods and currency all over the world, the dollar became the standard of value in the settling of accounts between trading countries. The dollar shared with gold the status of the standard unit of the reserves of central banks, and when the so-called dollar shortage, treated as the most serious problem of the international system of payment, began to be felt in the world, it best reflected the chronically unfavourable balance of payments of most countries. The United States endeavoured to improve its own position, and that of other countries, by exporting capital in different forms, with the aim of increasing the general volume of world trade.

At the beginning of 1958, however, the position of the dollar suddenly changed. Other countries succeeded in gaining economic independence, reached a certain level of economic stability, and became able themselves, not only to finance their own economic development, but also to promote world trade and the development of other countries. Parallel with this, some internal changes took place in the United States, i. e., imports increased and exports decreased which, for the first time for many years, created difficulties in the balance of payments. Since 1958 the United States had been spending many thousand million dollars more than was coming in. Apart from this, the slowed-down pace of development and the economic recession gave rise to some doubts about the purchasing power of the dollar, which was shown in the tendency to transfer earned dollar amounts into gold, and to keep gold rather than dollar reserves. A fall in American gold stocks was a logical consequence of these developments, and instead of discussing the dollar shortage, the world began to show a lack of confidence in this currency, until then the strongest in the world. There were rumours that a devaluation of the dollar might be expected and, in October 1960, the price of gold suddenly rose. It is true that this rise soon stopped; but it made a definite impression on the strength of the dollar.

#### *Changes in the Relative Strength of Currencies*

As a result of the economic development of other countries, their currencies, and particularly those of the West European countries, began to be assessed as convenient for reserves. This applied primarily to the pound sterling which, thanks to the strong business connections of Britain and other countries of the sterling area, plays a significant role in the financing of world trade. The most spectacular improvement was experienced by the German mark which, except for the Swiss franc, became the strongest Continental currency. Constant export surpluses, stable balance of payments, high rate of economic expansion and the fact that West Germany is a member of the Common Market, made the German mark an attractive field for investments.

Parallel with the economic strengthening of West Germany, other West European countries experienced economic expansion, accompanied by an improvement in the financial position of Western Europe as a whole. The convertibility of West European currencies, introduced in the beginning of 1959 was not, therefore, endangered, although doubts were expressed at the time as to the lasting value and wisdom of such a move.

#### *Reserves and the Problem of Liquidity*

According to definition, liquidity in international relations is determined by the percentage which the monetary and gold reserves of a given country represent towards the volume of its foreign trade (usually towards imports). If such a percentage is higher, the country is able to pursue more liberal internal and foreign trade policy and, generally, its position in the world becomes stronger. On the

contrary, limited reserves in the present conditions expose every country to the detrimental effects of a deficient balance of payments, excessive demand in the country, and so forth. In other words, if a country is not able to cover its balance of payments deficit from her own reserves, it has to impose restrictive measures either in internal or foreign trade.

In the postwar period there were many indications that individual countries (not only the less developed but also the highly industrialized like Great Britain), forced by balance of payments difficulties which endangered their reserves, were inclined to slow down the pace of their own development, thus decreasing the general production and income level and obstructing the development of other countries. Thus, countries pursuing a restrictive economic policy were compelled to decrease the volume of foreign trade and limit the prospects for the marketing of foreign products on the one hand, while on the other hand, — especially if developed countries were concerned — they showed lesser readiness to help in the development of underdeveloped countries.

Accordingly, a large amount of reserves began to be considered one of the most important prerequisites of economic stability. These reserves first consisted of gold and convertible currencies (dollar, pound sterling and, recently, West European currencies), but as time passed the role of gold in the

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world reserves decreased, for the production of this metal could not keep pace with the development of world trade. Therefore, the ratio between these two was constantly on the decline, and in order to maintain the volume of world reserves in proportion with world trade other, more important convertible currencies were included in the group of those eligible for reserves. This, however, led certain complications, for such a system could function only if the countries whose currencies were included in the reserves of other countries, i. e., the United States and Great Britain, were willing to supply the rest of the world with sufficient amounts of their national currencies, which meant that they were willing to maintain a continuous deficit in their balance of payments or — which amounted to the same thing — to undertake large-scale foreign financing. Practice showed, however, that it would be impossible to apply this over a longer period of time. It usually happened that a continuous balance of payments deficit caused doubts as to the stability of the currency involved — no matter whether dollar or pound sterling were concerned — and thus led to a fall in its value, and consequently, to a fall in the value of the reserves of a number of other countries. In such cases other, unaffected countries, sought to find a substitute for the currency which had lost their confidence, and this caused considerable decreases in the gold reserves of the very states whose currencies were predominant in the reserves of other countries.

When, in 1957, the pound sterling lost the confidence it had formerly enjoyed, and when rumours began to circulate that the devaluation of the pound was imminent, there was a tendency to avoid in favour of the dollar which, at that time, was in a strong position. Shortly afterwards, circumstances fundamentally changed, since the pound regained international confidence. Throughout the period under review, the German mark constantly gained in strength, with the decrease of confidence in other currencies. A considerable part of the world reserves — available funds and the so-called speculative, "wandering" capital — was pouring from one country to another, and creating disturbed conditions, both in the finances and in production.

Almost all the monetary events treated in the beginning of this study can be explained by the changed power relations. The weakness of the dollar forced the United States to exert pressure on other countries to adopt a definite financial policy. West Germany, which came to be second in the world as regards reserves, was asked to increase the export of capital, decrease subsidies for some export goods, free imports from other countries, pursue the policy of cheaper money and, finally, revalue the mark in order to deter the constant export surplus and the pouring-in of capital. The Germans carried out some of these measures. However, the concessions they made were not sufficient to bring the dollar back to its earlier position.

In this situation, it may soon prove necessary for the United States and Great Britain to adopt a restrictive foreign trade policy, so as to protect

their own currencies and reserves. This would consist of considerably limiting imports, intensifying exports and decreasing the export of capital, i. e., of adopting an expressly national instead of an international monetary policy.

### *Plans for the Reorganization of the World Monetary System*

Such a policy, if pursued by the two biggest world markets — the American and the British, would have very unfavourable consequences on the general development of the world economy, while its political implications are unpredictable. The time has therefore come to give serious consideration to a complete reform of the international monetary system. It is true that various reforms have been carried out throughout the postwar period — ever since the Brettonwood agreements — but now its necessity is even greater, than before. However, any mention of such a reform meets with strong resistance both in financial and intellectual circles. This resistance is offered by those who cling to the obsolete idea that the strength of a currency and financial rigidity are the basic prerequisites for a sound economic life.

Reform would be aimed chiefly at achieving an increased degree of international liquidity. So far, several proposals have been made in this respect. According to one of them the price of gold should be raised (which would only postpone the solving of the problem and attain no practical results). According to another, it is recommended that an international institution of issue should be established, to grant free credits to the countries having difficulties with their balance of payments. Most of the discussions on the monetary reform take place within the International Monetary Fund, as the most competent organization for monetary problems, and one opinion has been voiced which is very similar to its present attitude. It recommends that the Fund should be enabled to draw loans from the countries which have increased their reserves, and offer them in the usual manner to countries with a deficient balances of payments. Although not yet precisely defined it is expected that, under this plan, countries which have surpluses in their balance of payments will, to some extent, be obliged to put their surplus funds and the disposal of the International Monetary Fund in the form of loans. Although this plan constitutes a step forward in relation to the present system, it is not aimed at increasing international liquidity, but only at the mobilization and better utilization of the existing funds, and it cannot solve basic problems.

Much better prospect are offered by Professor Triffin's plan, which starts from the view that the utilization of national currencies as international reserves in itself contains an unreasonable element of uncertainty. Professor Triffin suggests that every individual member of the International Monetary Fund should deposit part of its reserves with the Fund which, in turn, would guarantee their value, i. e., preserve such deposits from devaluation. From such deposits the Fund would be able to grant

international credits, just like any other central bank. Professor Triffin's plan also limits the role of the Fund as creditor, so as to avoid the risk of world inflation. This plan is very popular in capitalist countries, in spite of the fact that it gives rise to bitter controversy.

In the spring of 1961, during the Budget debate in Britain, another plan for the reform of the international monetary system was submitted. Although less popular, this plan is no less interesting than the earlier ones. It is based on the principle of giving assistance to the countries in the process of development, while it could be extended to other international relations provided certain provisions were made. This plan, in fact, recommends the issuing of bonds to the amount of several thousand million dollars over a given period, to be distributed through an international body in the form of assistance to underdeveloped countries. Countries which agreed to keep such bonds in their reserves, like gold, would receive orders through the international body, for the export of machinery and equipment to underdeveloped countries which were granted assistance. Those countries, which did not agree to take part in such operations however, would not

be given the right of exporting their products in the described way. The plan is linked in a certain degree with OECD, an organization which has replaced OEEC, and one of whose main tasks is to increase economic assistance to underdeveloped regions. Naturally, various objections are made in connection with this plan, too, which is actually an alternative version of Professor Triffin's plan. Meanwhile it should not be taken for granted that reform is imminent, for the present system has been in force too long and it is not easy to replace it quickly, while the countries concerned have not yet so fully experienced the inconveniences of the old system as to try to accelerate the drawing-up of a new one. It is also unlikely that extremist plans will be adopted at present. It is much more likely that a compromise formula, in line with the suggestions recently made in the International Monetary Fund, will be found, without interfering with the basic mechanism of the present international monetary system. It is nonetheless significant that various plans are constantly under discussion, and that the world is becoming increasingly conscious of the need for reform of the present monetary system, which impedes the development of productive forces in the capitalist world.

## COMMON MARKET AND UNDERDEVELOPED COUNTRIES

By Dr. Stevan BARAC

THE EFFECT of the Common Market, that is, the European Economic Community (EEC), which includes Belgium, France, West Germany, Italy, Luxembourg and Holland (with a total population of about 165 million) on third countries, has recently become a matter of public attention.

### IS THIS EFFECT SINGLE OR TWO-FOLD?

Whether or not the setting up of EEC will result in a decline of the trade of its member countries with the rest of the world is a matter of much concern to the less developed countries. The Common Market affects the outside world in two ways. First, its trade is to some extent diverted from outside sources of supply, to those within the integrated area, because the goods coming from outside are subject to customs and other restrictions. Second, the enlarged market is conducive to increased productivity of labour, since it enables the industry in any particular region to take advantage of large-scale production and specialize in those commodities the production costs of which are the lowest in that region. At the same time, the removal of trade barriers should serve as a strong incentive to some industries, in which the productivity of labour stagnates for various reasons, such as high customs

tariffs, monopolies, adherence to laissez-faire principles, etc. It is considered that this trend stimulates the expansion of industrial production and the increase of real income, which should create a greater demand for raw materials, food and finished products. Part of these needs would be met by imports from outside the integrated area, thus promoting trade with third countries.

Which of the two effects will prevail depends on a number of factors, notably on the trade policy. In conditions in which the instruments of the new integrated organization do not strengthen protection at the expense of third countries, advocates of EEC say that the overall result of the two-fold effect of this organization would be the expansion of trade with third countries at a rate which, in their opinion, should in no way lag behind the tempo of growth of world trade. It means that third countries should not suffer losses owing to the effect of the process of integration.

This assumption can be put to the test by considering EEC's trade with non-industrialized areas during 1957—1959. It is true that this period is not long enough to warrant any definitive conclusions, but nevertheless some tendencies can be traced. In the period under review, the amount of world exports increased by about four per cent, while the

exports of underdeveloped areas to the EEC countries dropped by 1.5 per cent. It appears from this that the setting up of the Common Market adversely affected the trade of underdeveloped countries outside the integrated area. The effect was different in each individual country. Let us now consider the movement of Yugoslav exports to the Common Market area for which figures are available for 1960. Though the countries of the European Economic Community experienced a more dynamic economic growth over the past three years than many other industrially developed countries, Yugoslavia's export trade did not benefit from this expansion to the extent that might have been expected. True, it showed a certain absolute rise, but the Common Market's share of Yugoslavia's exports dropped from 32 per cent to a mere 25.6 per cent.

In analysing trends in exports from underdeveloped countries, great stress is often laid on objective factors which make for the unsatisfactory world marketing of primary products, which constitute the main export items of most less developed countries. These factors are: reduced consumption of raw materials per unit of product owing to technical advance; substitution of synthetic raw materials for natural raw materials; changes in the structure of industrial production effecting an increased output of commodities in whose manufacture primary products are of relatively little value, etc. In this article, however, we would like to set forth some subjective factors which make difficult the marketing of goods from less developed countries in the EEC area. One of these is the agrarian policy of protection pursued by the Common Market countries.

#### *EFFECTS OF AGRARIAN PROTECTIONISM*

As a result of agrarian protections, the member countries of the European Economic Community are in a large measure already self-contained as regards the supply of agricultural produce. Here is an example of the degree of agrarian protectionism before the Common Market was set up. According to figures given in the publication, "Trends in International Trade", the prices paid by the German state to domestic farmers for the deliveries of barley (average for 1954-55 and 1955-56) were by about 45 per cent above world export prices. EEC's Commission regulating the common market of agricultural produce considers that the six countries' self-sufficiency in agricultural commodities amounts to 88 per cent, or even 93 per cent if only the products of the moderate zone are taken into account. Pronounced agrarian protectionism tending to take the form of autarky remains the feature of EEC's joint agricultural policy. The quantitative effect of this policy is hard to ascertain, but certain economic writers take the view that there is a possibility of doing away entirely with imports from the moderate zone. It is well worth recalling that the net imports of foodstuffs to the Common Market area in the period 1953-54 (except coffee, cocoa and tea) amounted to 1,35 milliard dollars. At the same time,

this policy affects the import of tropical produce which compete with the products of the moderate zone (sugar cane, vegetable oils).

The frequent imposition of quotas on the imports of industrial products which some less developed countries are already exporting or will be able to export in the foreseeable future constitutes another negative factor. In West Germany, for instance, import licences are still required for most textiles, ready-made clothes, crockery and cutlery, ceramic and porcelain goods, sewing machines and some toys.

#### *EEC AND AFRICAN COUNTRIES*

The effects of the association with the Common Market of dependent or former dependent territories of the EEC countries as well as some independent states of the tropical and subtropical areas should also be pointed out. The products of these countries and territories will enjoy a preferential position on the markets of the European Economic Community, and this will adversely affect the exports of the tropical and subtropical countries not included in EEC. Furthermore, the trade of countries outside EEC will suffer losses also because the associated countries and territories will rely even more for their imports on EEC than was the case earlier with their metropolitan countries. As a matter of fact, when all the six member-countries of the Common Market extend similar tariff and other preferences which individual countries enjoy in their former or present metropolitan countries, the associated overseas countries will augment their revenues from exports to this area and will thus be strongly induced to spend their money there too. Thus, for instance, 74 per cent of the total exports in 1959 of former French West Africa went to the EEC countries, and this has stimulated the spending of profits on imports from the European Economic Community, the more so as the tariff and other preferences granted to French goods on this territory are to be extended to all the other member countries. Associated countries may become more dependent still on EEC for their imports by being assured a wider variety of goods than their former metropolitan countries alone could provide them with.

#### *GOLD RESERVES AS AN INDICATOR AND A SYMPTOM*

Economic relations between the European Economic Community and the rest of the world in general, that is, underdeveloped and developed countries put together, may have a considerable influence on the position of less developed countries. In the period 1957-60,<sup>1</sup> the value of export from EEC to the rest of the world increased by 28 per cent, while the value of imports rose by only 13 per cent. In this way, EEC's balance of trade was appreciably improved, the movement of invisible items and the export of capital not acting as an offset. As a result of this trend, a marked increase in gold and currency reser-

<sup>1</sup> Figures available for 1960 also.

ves of the Common Market countries was recorded. In 1952, official gold and currency reserves of the countries which are now members of the Common Market accounted for only 9.9 per cent of world reserves. Their share in 1957 rose to 18 per cent, to reach 26.2 per cent in 1960.

The continued accumulation of gold and currency reserves by the six is a symptom of a chronic surplus in the overall balance of payments of the EEC area, which threatens to create a general long-term shortage of the EEC countries' currencies. Keeping in mind the protectionist tendencies in the trade of EEC, the danger is by no means small.

It should be pointed out that the accumulation of gold and currency reserves in the state treasuries of the Common Market countries is already inflicting incalculable damage on world economy. In cases when pressure is exerted on the reserves of underdeveloped countries, they are compelled to introduce or tighten import restrictions, which has a negative effect on the present economic development, and if they allow their usually small reserves to fall they will be compelled to introduce import restrictions in future, which will have a negative effect on the future economic development. Even when import restrictions are not tightened, the lack of an outlet for gold and currency from underdeveloped countries results in keeping imports within the limits of modest revenues from exports and other sources. Pressure on the reserves of developed countries has corresponding negative effects too, compelling these countries to follow a restrictionist economic policy which, as a rule, affects imports, particularly from underdeveloped countries. Again, such pressure may result in a reduction in the assistance which certain industrially developed countries extend to underdeveloped countries.

#### **INSIGNIFICANT AMOUNT OF BILATERAL AID**

It is no exaggeration to say that the present state of the balance of payments of the Common Market countries calls for drastic changes in the policy of imports from nonindustrialized countries. As is well known, most of the international assistance to underdeveloped countries is granted on a bilateral basis. However, despite their firm balance of payments and their favourable economic position, the bilateral aid of the six to less developed countries (with the exception of France) accounted for only a small fraction of their gross national products. In the periods 1957—58 and 1958—59, Belgian spent no more than 0.11 per cent of her gross national product on bilateral assistance, West Germany 0.14 per cent, Holland 0.26 per cent and Italy a mere 0.04 per cent. The insignificant share of West Germany in this assistance, which is sharply disproportionate to her huge economic potential favourable balance of payments in recent years, deserves particular attention. We should mention that in the period 1957—60 West Germany's gross national product increased by about 30 per cent and gold and currency reserves by 1.5 milliard dollars. It is true that West Germany's

programme for 1961 and 1962 envisages a considerable increase in assistance to underdeveloped countries but it remains to be seen to what extent this programme will be fulfilled. Big changes should be made in the import policy of EEC in order to expand the markets for exports from the smaller developed countries. Most less developed countries sell mainly primary products to the Six today; but it is necessary to open the markets of the EEC area to industrial goods from these countries, for such a policy would enable them to increase their revenues from exports and step up imports of capital equipment and other products needed for the fulfilment of their economic plans of development. It would, at the same time, be of benefit to the Six, since it would improve prospects of the marketing of their products which is at present hampered by shortage of foreign currency among the emerging countries.

#### **CONCENTRATION OF ECONOMIC POWER AND ITS CONSEQUENCES**

The setting up of EEC contained in itself some other dangers for the less developed countries. The combining of the economic power of the Six heightens the unequal relationship of this area towards some countries outside the Common Market. The fact that West Germany was the country with the highest national income in 1955 of 51 thousand million dollars (all the six countries put together had about 141 thousand million dollars) may serve as an indicator of the changes which ensued after the setting up of EEC.



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This shows that the combined economic strength of the Six is almost three times as great as the strength of their biggest member. The considerable increase in inequality due to the creation of EEC may particularly find expression in relations between the Common Market and the less developed countries, in whose economies the six countries enjoy a strong trading position. Economic and political relations between France and Guinea may serve as an example. Since the conflict arose between France and Guinea following on Guinea's proclamation of independence, France suspended the work of the central monetary institution in that country, which was a branch of the French Bank, and withdrew all her assets and expert personnel. The degree of inequality in this conflict can be seen from the fact that in 1955 France had a gross national product of about 43 milliard dollars and Guinea about 333 million dollars. This shows that France's income was 129 times greater than Guinea's. In case the countries of the Common Market acted jointly the ratio

of incomes would have been 423 to 1. However, one must beware of automatic conclusions, since an underdeveloped country is not bound to yield to such pressure if the domestic forces are ready to put up resistance and if they can expect aid from outside as the example of Guinea has shown. Nevertheless despite successful resistance, the economic of individual less developed countries may sustain considerable losses in such a conflict. Of course, pressure exerted by EEC need not always take such drastic forms and proportions, and individual countries will often be compelled to make smaller or greater concessions to the European Economic Community in order to gain access to this important market.

Problem resulting from the setting up of the Common Market show that it is necessary for less developed countries to study the effect EEC has on the outside world, and to take individual or joint action in various international forums, or outside them in order to remove or alleviate the negative effects of this intergrated organisation and its economy.

## YUGOSLAVIA TODAY

# DEVELOPMENT OF THE SOCIAL AND LEGAL SYSTEM AND CURRENT CONSTITUTIONAL PROBLEMS

By Dr. Jerko RADMILOVIĆ

**T**HROUGHOUT the relatively short postwar period of sixteen years, fast progress in all spheres of the social life of new Yugoslavia made it possible and necessitated, not only the laying down of the foundations of the legal system as an expression of the sociopolitical and economic system, but also its constant improvement and changes.

In the development and improvement of the legal system, an especially important role was played by the work of the legislative bodies, which kept abreast with the social transformation, thus contributing to its successful development.

Two distinct phases of this development have been completed and the preparation for a third one carried out.

The first stage began with the enactment of the Constitution of January 21, 1946, which sanctioned the achievements of the People's Liberation War and which created the necessary social and political conditions for the initial socialist development of the country, i. e., the nationalization of the large means of production, together with the strengthened elements of centralization in the organization of government, and strict methods of planning in the field of economy.

The second phase was inaugurated by the Law on the Management of State Economic Enterprises of 1950 and the Law on the People's Committees of 1952. These laws, which proclaimed the principle of self-government by the direct producers, turned over the factories to their workers for management and increased the role and significance of the People's Committees as local organs of government; they also made essential changes in the organization of the district and town people's committees, into which, in addition to district or town councils — as general political chambers — councils of producers, i. e., representative bodies of the producers, were introduced.

Constitutionally, this second phase of development was inaugurated by the Constitutional Law on the Basis of the Social and Political Order of the Federal People's Republic of Yugoslavia and on the Federal Organs of Government, of January 13, 1953.

The Constitutional Law, in essence, extended the prospects of the process introduced by the mentioned laws, while leaving in force in part the regulations of the 1946 Constitution. As a consequence we have not yet a single and unique Constitution and Constitutional provisions are laid down by both

the 1946 Constitution and the 1953 Constitutional Law, and also by the first part of the Law on Courts of 1954, which replaced the provisions of the 1946 Constitution relating to the principles of the law courts.

The basic characteristics of this phase of development were manifested in a number of fields, all of which tended to strengthen and develop the mechanism of socialist democracy.

Profound events in the past, i. e., the changes in economic management, fixed the direction and forms of the development of a new mechanism of democracy, based on a social and economic order. The strengthened position of individuals, due to the principle of the self-management by direct producers, made it necessary to introduce similar forms of management in other fields of social life which would strengthen the role of individuals, and enable them to influence the solving of social problems.

The principle of self-government has been given its full material basis by the laws and regulations which the Federal People's Assembly passed recently, and which regulate in a new way the distribution of income between the economic organizations and the community, and within the economic organizations themselves. These laws and regulations have accordingly, led to important changes in the development and promotion of the existing economic system. Or, as Vice-President Kardelj said: "If we wish to define the social and historical significance of the changes introduced by the new system of distribution, we may say that they are as important as the greatest revolutionary events of our social development, such as nationalization, the introduction of workers' councils, the establishment of the communal system, etc.". In this connection, it is sufficient to say, first, that the economic organization distributes the net income between the personal earnings of workers and various funds without any intervention of the State organs and, second, that this internal distribution is done in accordance with standards fixed independently, by the economic organization itself.

In addition to the fact the system of workers' self-management has been further improved in this phase (as reflected by new laws on the organization of the Yugoslav Railways and the Postal Services, under which the Railways and Postal Services are not regarded as public services but as economic organizations) it should be pointed out that social self-management has been further improved in public services as well. This is particularly evident in the laws on the financing of schools and scientific and health institutions, which have paved the way for the true independence of these institutions and their managing bodies, and which have made the position of workers and employees in these institutions equal to that of people engaged in industry.

What characterizes the improvement of the legal system in this period is the fact that legislative acts made a great contribution to the tasks of the transition period, i. e., to the attainment of free work of the working people to the guarantee of their right

to work, to a higher living standard, and thus also to greater human dignity of the working people as active members of the socialist society. After all, the main task of the transition period was to change the social relations in which the working people lived, i. e., to free them from the regime of subjugation in the process of work and to bring about a thorough transformation of social relations, and thus achieve the basic aim of the working class and other working people — free work.

Al this indicates that this, second, phase of development was marked by endeavours to make work, free to which the legislative activity made a significant contribution.

Another significant characteristic of this phase was the effort to promote the communal system, in which an important role was played by the Law on the Organization of the Municipalities and Districts and the Law on the Duties of Communal and District People's Committees. Thus, the process of decentralization of affairs, which resulted from the development of socialist democracy remained mainly within the district boundaries. This is why the next step forward in the promotion of socialist democracy was to concentrate on the solving of social problems in municipalities, and to make them the basic political and territorial units of the self-government of the working people, and the basic socio-economic community of people living in each individual region.

The introduction of the communal system made it possible to bring social affairs as near to the people and individual citizens as possible, and to ensure their participation in the solving of these affairs, which is the basic of socialist democracy.

The third basic feature of development in this period was reflected in the organization of the Federal and Republican government and of the government in autonomous provinces.

As already stated, the Constitutional Law of 1953 paved the way for the process of further development. However, this law also fixed the organization of the Federal, Republican and provincial government paying particular attention to the organization of the Federal government.

Earlier changes in the organs of local government, and especially the changes made in the structure of the people's committees by the introduction of the two-chamber system led to changes in the organizational mechanism of the Federation, so that, in addition to the Federal Council, i. e., the general representative body of the people (including the Council of Nationalities composed of representatives of the constituent Republics and Autonomous Provinces to ensure the equality of the peoples of Yugoslavia), a new chamber — the Council of Producers — was established.

It must be pointed out that the Federal government was conceived as a system containing considerable elements of parliamentary rule, as a result of which the Federal Executive Council, as a special political and executive organ of the People's Assembly, was established, instead of the earlier Cabinet. However, this partial conception of parliamen-

tary rule had not been successfully implemented in practice.

The dynamic development of the country made it necessary to harmonize the Constitutional system with its results and to promote the process of socialist transformation in all sectors of social life on a new and uniform Constitutional basis which, at the same time, would constitute the third phase in the development of our social and legal system.

Guided by this necessity, it was decided at the joint session of both Chambers of the Federal People's Assembly of December 2, 1960, to found a commission for Constitutional matters; and members of this commission were immediately named. Owing to the fact that the tasks of the new Commission are complex, considerable efforts will have to be made in order to fulfil them, the more so because, in our conditions, the Constitution cannot be exclusively a legal instrument which legalizes achievements made in social relations, but it must indicate the direction of the progressive development in a period of transition, in which no achievement can be considered final.

Naturally, one of the most important questions is that of the basic conception. All Constitutions in the past, regardless of the character of the social system adopted, were more or less, based on the classic conception, i. e., on the view that the Constitution is an instrument of the State, the aim of which is to regulate the State order. Such a conception is not consistent with our needs, particularly if we bear in mind the level of our socialist development, in which the working man occupies the central place and in which the existing social and political mechanism is designed to serve his conscious socialist work. This means that the starting point of a new Constitution should be the clearly defined position of man as a producer and manager, i. e., his emancipated work. This means that the role and place of man should be defined through the relations of the economic organization towards the larger social community, i. e., from the commune, as the basic social unit, to the higher forms of social structure.

Laws and regulations on distribution, described as achievements which may be compared to the greatest revolutionary events of our social development, can also help in solving this question.

Owing to the fact that we have emerged from the initial phase of social self-government, which was expressed through workers' management in industry and was later extended to almost all fields of social activity, i. e., public services, such as education, culture, science, health service, social insurance, etc., and because a change has taken place in the position of the working man in these fields of social activity, the question arises whether it is necessary to enlarge the existing number of producers in the socio-political mechanism.

This means that the changed position of the working people engaged in public services, which has become similar to that of producers employed in the economy, has made it necessary to include them in the mechanism of the socio-political system, and to

enable them to exert a direct influence in dealing with social affairs. As a result of this, the councils of producers at all levels would be enlarged, both in the present and in a future system, if a change should become necessary because of the extension of the number of producers in representative bodies.

Such an enlargement of the representative bodies, particularly of the Federal People's Assembly, would lead to their more differentiated composition, so that they would be capable of dealing more efficiently with the complex problems of social relations, the more so because the deputy, as the classic people's representative, who is called upon to solve the problems of complex relations in various fields of social life, cannot fully satisfy the needs of the new social conditions.

As far as the commune, as the basic unit of society, is concerned, there can be no doubt that it will figure prominently in the new Constitution. It may be asked how to define the position of man as a social being in the commune and through it in other organs of government at all levels, since the commune is the basis on which the entire socio-political mechanism of the Yugoslav society — right up to the Federation — should be built. It is likely that the developing communal system will necessitate a new system of elections for the Federal People's Assembly. A significant place in the Constitution will be given to the organization of government and of

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the Federation, so that the question of the system of this organization is now raised.

Considered from the standpoint of changes introduced in the entire system of social self-government, it seems that another step forward should be made in order to bring about the transformation of the political organization of our community, including the organization of the Federal government. Such a step would transform the Federal People's Assembly into a really decisive factor in the organizational mechanism of the Federation, which would direct the social development of the Yugoslav community. In other words, it is necessary to adopt, to the greatest possible degree, the principle of parliamentary rule, and to develop this rule in such a way as to make it possible for the Federal People's Assembly to cease to be merely a legislative body and to become a working organ in the real meaning of the word. At the same time, this would force us to reject all conceptions of the Federal Executive Council as a governing cabinet, and to transform it into a direct, internal organ of the Federal People's Assembly.

If this solution is accepted, one of the most difficult problems in the drawing up of the new Constitution will be how to find new solutions for the composition and structure of the Federal People's Assembly, and for a corresponding electoral system.

Another significant problem is that of determining the Constitutional rights of the law courts, primarily the rights of the courts to proclaim whether individual laws are Constitutional or not, and to judge the legality of administrative decrees.

In the existing Constitutional system, the law courts have not the right to examine, either directly or indirectly, whether individual laws are constitutional; they merely have the right to examine indirectly the legality of administrative decrees. In recent years, there have been discussions on this question, which, for many reasons indicate the need to establish a special legal organ, i. e., a Constitutional court which would directly judge whether individual laws are Constitutional, and administrative decrees legal. The following arguments were adduced in favour of such a solution: that it would ensure the revolutionary unity of the entire socio-political and legal systems, strengthen the Constitutional and legal principles, offer legal protections to the Federal system and, particularly, extend legal protection to the self-governing rights of the people.

When considering these questions, particular care should be given to the numerous organizational units within the system of social self-government, whose activities may conflict with decisions of organs of the larger social community, and also to the self-governing rights of these units (economic organizations and independent institutions), which will be guaranteed by the Constitution, but which may be violated by the activities of the organs of larger communities. The existing organizational mechanism of the system of social self-government, therefore, shows the need for the establishment of a Constitutional court.

Even in the numerous forms of human rights

which should be given their place in the new Constitution, were added here, it would not bring to an end the list of questions which have to be solved in the new Constitution.

These include such questions as that of the Socialist Alliance of the Working People, and of international relations, which have not the importance of Constitutional categories in the present Constitutional system.

As far as the Socialist Alliance is concerned, it should be borne in mind that this Alliance has been growing all the time in step with the changes introduced in the social system, so that it has become not only a unique political organization, but also a component part of the mechanism of social self-government and, as such, it has assumed the character of the most important instrument of direct democracy.

Owing to its role in society, the Socialist Alliance should also find its place in the new Constitution.

The question of international relations, and foreign policy, too, in the present fateful stage of development of the international community in which Yugoslavia has her place, is of special significance. The foreign policy of Yugoslavia, as a truly socialist State, which supports active and peaceful coexistence, has always been and will remain an expression of her profound desire to help preserve peace and strengthen constructive relations with other countries. It is precisely on account of the significance of international relations that the new Constitution should define the principles on which Yugoslavia's foreign policy is to be based, i. e., the limits within which the country's foreign policy may develop.

Speaking in general, the new Constitution should reflect the transformation of the government *on behalf of* the working people into the government *of* the working people, and lay the foundations for and fix the directions of comprehensive progress in all spheres of social life in the new, third phase of the socialist development of Yugoslavia.

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## OFFICIAL COMMUNIQUE ON KOČA POPOVIĆ'S VISIT TO HOLLAND

*The following official communique was published on May 30, on the occasion of the visit paid to Holland by Koča Popović, State Secretary for Foreign Affairs, and the talks he conducted in the Hague:*

"His Excellency Koča Popović, State Secretary for Foreign Affairs, paid an official visit to Holland from May 25 to 30, at the invitation of Mr. J. M. A. Luns, Minister of Foreign Affairs, his Dutch colleague. During his stay in Holland, Mr. Koča Popović was received by her Majesty the Queen of the Netherlands.

The talks, which were conducted during this visit at the Ministry for Foreign Affairs in the Hague on May 25, took place in an atmosphere of sincerity and mutual understanding.

When exchanging views, the two statesmen discussed political and economic questions of interest to both countries.

Trade and cultural relations between Yugoslavia and Holland were especially dealt with and at the same time the most important international problems, particularly those within the framework of UNO, were touched on.

Koča Popović's visit to Holland and the ensuing political talks have contributed to the strengthening of the friendly relations and mutual respect existing between the two countries".

## Points from the Press Conference

*On May 19, Drago Kunc, spokesman of the Yugoslav State Secretariat for Foreign Affairs, held a press conference for Yugoslav and foreign journalists and answered questions on current world politics.*

**Meeting of leaders of the uncommitted countries.** — "Preparations are in progress for the preliminary meeting of representatives of the uncommitted countries which is expected to begin in Cairo on June 5. The meeting will be attended by ambassadors or special envoys who will consider various matters relating to the forthcoming conference of the leaders of the uncommitted countries".

**The Nasser—Toure—Soucarno meeting.** — "We believe that this meeting will contribute to the efforts to solve Afro-Asian problems constructively and to consolidate world peace. As might have been expected, the three Presidents reached complete agreement on all questions under review. The talks will undoubtedly help to ensure the success of the conference of the uncommitted countries".

**Sekou Toure in UAR.** — The Guinean President's visit to the United Arab Republic will not only improve cooperation between these two countries but also help to consolidate conditions in that part of the world and strengthen peace in general".

**The Khrushchov—Kennedy meeting.** — "Yugoslav representatives have always emphasised the usefulness of contacts and exchanges of views between

responsible statesmen, believing that such contacts contribute to peace and to the expansion of international cooperation. We hope that the meeting between Premier Khrushchov and President Kennedy will provide such a contribution".

**Conference on Laos.** — "We believe that the Geneva talks on Laos, though they are only in the opening stages, will produce the desired results".

**Gizenga's initiative.** — "We assess as positive the Congolese Premier's proposal for the convening of Parliament accompanied by appropriate guarantees which he has sent to the United Nations and to many countries in the world, including Yugoslavia. The Yugoslav government has instructed its delegate in the United Nations to inform the President of the General Assembly of Yugoslavia's approval of this proposal and to express his country's support for the urgent convening of the Congolese Parliament in Kamini, under conditions which will make it possible for the Parliament to carry out its functions without being subjected to pressure of any kind".

**Trial in Albania.** — "This a miserable farce, similar to those previously staged by the Albanian leaders when settling differences between themselves. Such trials are always intended to serve the Albanian government's political aims of the moment. Continuing the practice of such pre-arranged trials, which are almost unknown elsewhere in the world today, the Albanian government, by false attacks and slanders against Yugoslavia, is trying to conceal the critical state of the country, which has been brought about by the policy of the Albanian leaders — a policy that has created insurmountable obstacles to the normal development of Albania and to her relations with other countries. The trial is causing increased tension in relations with Yugoslavia, as well as poisoning the international atmosphere; all with the aim of preventing any relaxation of world tension".

**Charges at the trial.** — "I must state categorically that all the accusations made at the trial are based exclusively on statements made by the defendants to the Albanian police; and as far as they concern Yugoslavia they are complete fabrications. As for the allegation that the Albanian emigrant, Panayot Pljaku, who is now living in Yugoslavia, has been travelling backwards and forwards between Greece and Yugoslavia. I can state that Panayot Pljaku, a former member of the Albanian government and a major-general of that country, is permanently living and working in Belgrade, where he enjoys asylum under the provisions of the Yugoslav Constitution. I can also state that since his emigration to Yugoslavia, Panayot Pljaku has never left the territory of this country".

## Meetings and Talks

### AT OFFICIAL LEVEL

**Yugoslav Parliamentary Delegation in Italy.** — A delegation of the Federal People's Assembly, headed by Dr. Mladen Iveković, President of the Federal Council, left for a visit to the Italian Parliament on May 25. The delegation was received by Giovanni Gronchi, President of the Italian Republic.

**Koča Popović in Holland.** — Koča Popović, State Secretary for Foreign Affairs, arrived at the Hague on May 25 on an official six-day visit, to repay that of Mr. Luns, the Dutch Minister of Foreign Affairs, who stayed in Yugoslavia last year.

*Three-day visit of Ruslan Abdu'gani.* — The Vice-President of the Provisional Consultative Council of Indonesia, stayed in Belgrade from May 24 to 27 as guest of Petar Stambolić, President of the Federal People's Assembly. During his visit he had talks on the work of the Federal People's Assembly, on the Yugoslav election system and on the structure of the Indonesian Parliament. He was received by President Tito.

*Danilo Kekić in Vienna.* — Danilo Kekić, Secretary of the federal Executive Council for Industry, stayed in Vienna in the second half of May as guest of Dr. Pietermann, Head of the Austrian Government, where he attended the celebration of the Fifteenth Anniversary of Nationalized Industry in Austria.

*Indonesian General in Yugoslavia.* — Lieutenant-General Raden Hijadarta, Deputy Minister for National Security of Indonesia, stayed in Belgrade in the second half of May, where he had talks with General Ivan Gošnjak, State Secretary for National Defence, and with Yugoslav Army chiefs.

*Visit of Cyprian Minister.* — At the invitation of the Federal Executive Council, Andreas Papandopulos, Minister for Public Works and Traffic in Cyprus, arrived in Belgrade on May 20 on a five-day stay, during which he visited a number of Yugoslav building sites, the Danube — Tisa — Danube Canal operations, several bridges under construction, and other projects.

#### FEDERATION OF VETERANS

*Meeting of Veterans of the First World War.* — A group of members of the Association of Veterans of the Salonica Front from Great Britain arrived in Yugoslavia May 20. They visited Belgrade, Zagreb, Ljubljana and Skopje, as well as many places which were the scenes of important battles during the breaking of the Salonica Front.

*Guest of the Federation of Veterans.* — Reginald Hubert, Secretary General of the Legion of Ghana, stayed in Yugoslavia from May 18 to 23 as guest of the Federation of Veterans, where he had talks on cooperation between the two organizations.

#### BILATERAL COOPERATION

*Meeting of Economists.* — A meeting between Yugoslav and Italian economists, jurists and sociologists, was opened in Ohrid on May 25, to discuss the problems of the underdeveloped regions in Yugoslavia.

*Mixed Yugoslav-Greek Commission.* — A Mixed Yugoslav-Greek Commission for Cultural Cooperation began work in Belgrade on May 24. It is expected that the programme of cultural exchange and co-operation for the coming period will be drawn up at this session.

*Austrian Cultural Delegation in Belgrade.* — An Austrian cultural delegation, headed by Herr Leitner, Ambassador in the Ministry for Foreign Affairs, arrived in Belgrade on May 23, to discuss cooperation in the fields of education, science and culture.

*Cooperation with Rumanian Trade Unions.* — A group of Rumanian Trade Union leaders came to Yugoslavia as guests of the Central Board of the Federation of Yugoslav Trade Unions. They visited a number of Yugoslav towns, industrial centres and enterprises, where they observed the methods of health and technical protection at work employed at these places. They also had talks about bilateral co-operation between trade unions.

#### INTERNATIONAL CONFERENCES

*Conference of the Association for Social Defense.* — The sixth Conference of the International Association for Social Defence, begun in Belgrade and continued

in Opatija, an Adriatic seaside resort, was held from May 22 to 28. The theme of the Conference was to assess the extent to which it is justified in discriminating legally in proceedings against juvenile, adolescent and adult criminal offenders.

*Conference in Casablanca.* — The conference for the foundation of the Pan-African Trade Union Federation, held in Casablanca from May 25 to 28, was attended by Mika Spiljak, Vice-President of the Central Board of the Federation of the Trade Unions of Yugoslavia, as observer. The matters discussed at the Conference included the problems of the African working classes in the struggle against colonialism.

### Negotiations and Agreements

*Loan from Switzerland.* — The Swiss Federal Council has confirmed the agreement signed in April this year, under the terms of which Switzerland grants Yugoslavia a loan of 22 million Swiss francs for the implementation of the reform of the Yugoslav foreign trade and foreign exchange system.

*Protocol with Hungary.* — A protocol on co-operation in the transport of goods by river craft, providing for the expansion of traffic and safer navigation on the Danube, was signed between Yugoslavia and Hungary in Belgrade on May 21.

*Negotiations for transport on the Danube.* — Negotiations for increasing the volume of transport on the Danube were opened between the representatives of the Hungarian State Shipping Lines and the Yugoslav representatives in Belgrade on May 26.

*Agreement with Bulgaria.* — A protocol on the linking up of the electric power systems of Yugoslavia and Bulgaria, providing for a yearly exchange of about 130 million kilowatt-hours of electric power, was signed in Sofia on May 23.

*Agreement with the International Atomic power Agency.* — Aleksandar Ranković, Vice-President of the Federal Executive Council and President of the Federal Commission for Nuclear Power, and Sterling Cole, Director-General of the International Atomic power Agency, have agreed that there exist conditions for undertaking the joint construction of a small or medium-sized nuclear power demonstrating station in Yugoslavia. The first stage will consist of the study of the technical, legal and financial aspects of this enterprise.

### News in Brief

#### POPULATION

*The latest census.* — The census taken at the beginning of April shows that Yugoslavia's population on March 31 this year stood at 18,512,805. This is 1,576,232 more than in 1953.

*Categorization of settlements.* — Except for those in Vojvodina and in Kosovo and Metohia, all settlements on the territory of Yugoslavia which had less than 5,000 population in the 1953 census have further decreased their population in the intervening period, whereas settlements with more than 5,000 population in 1953 have shown a general trend towards increase.

## EXPORT IN 1960

Kind of Product	(In million dinars)	
	1959	1960
Foodstuff	36,507	48,315
Drinks and Tobacco	7,075	7,852
Raw Materials	22,767	26,655
Fuel and Lubricants	1,484	1,570
Animal and Vegetable Oils and Fats	31	393
Chemicals	4,693	7,021
Products classified predominantly according to material	35,557	40,264
Machines and Transport Equipment	24,817	25,381
Various Ready Made Articles	8,667	11,490
Various Transactions and Commodities which are nowhere mentioned	1,397	1,227
	142,995	170,175

## EXPORT ACCORDING TO THE DEGREE OF FINISHING IN 1960

Products	(In million dinars)			
	1959		1960	
	value	per cent	value	per cent
Unfinished Products	36,632	25.6	43,674	25.7
Products with the ordinary degree of finishing	53,044	37.1	63,806	38.7
Highly Finished Products	53,319	37.3	60,696	35.6
	142,995	100.0	170,177	100.0

## Political Diary

- May 19 — A meeting of the Federal Executive Council was presided over by Mijalko Todorović, Vice-President, when the economic trends in the first months of this year were reviewed and several regulations adopted.
- May 22 — A consultation was held at the Central Board of the Federation of Trade Unions of Yugoslavia, where it was decided that the organization of the trade unions should be accommodated to the development of the economic organizations.
- May 25 — The "Day of Youth", as well as President Tito's birthday, was celebrated. Five thousand young people and members of the Yugoslav People's Army took part in the festival in Belgrade.

## Diplomatic Diary

- May 16 — President Tito received George Kennan, the new USA Ambassador to Yugoslavia, who presented his credentials.
- May 16 — President Tito received a farewell visit from Stig Unger, the outgoing Swedish Ambassador, and conferred on him the Order of the Yugoslav Flag with ribbon.

May 16 — President Tito received Mahmud Muntaser, Ambassador Extraordinary and Plenipotentiary of Libya to Yugoslavia, who presented his credentials.

May 18 — The Yugoslav and Nigerian Government agreed on establishing mutual diplomatic relations at embassy level.

## Our New Contributors

**Dr. JERKO RADMILOVIĆ:** *Jourist; Deputy of the Federal People's Assembly and Secretary of the Legislative Board of the Federal Executive Council; former Deputy Minister of Labour; former President of the Supreme Court of the People's Republic of Croatia; former Justice of the Supreme Federal Court, etc. He has been a people's deputy for many years.*

**Dr. PREDRAG MIHAJLOVIĆ:** *Head of a section in the Institute for Foreign Trade. Has published several studies, including papers on "The French Foreign Exchange Reform and its Consequences", and "Nationalization in Great Britain".*

## TO OUR READERS

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## CONTENTS:

Negation of Blocs — Aleš Bebler .	1
Parallel Efforts Towards Peace — Dj. Jerković .	3
Kamini or Leopoldville? — Djordje Stanojević .	5
The United Nations and the Uncommitted Countries — N. Djurić .	6
International Monetary Problems — Dr. P. Mihailović .	8
Common Market and Underdeveloped Countries — Dr. Stevan Barać .	11
Development of the Social and Legal System and Current Constitutional Problems — Dr. Jerko Radmilović .	14
Document .	18
Points from the Press Conference .	18
Meetings and Talks .	19

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